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SIA GROUP NARROWS FIRST QUARTER NET LOSS TO \$409 MILLION

- Passenger traffic up as the SIA Group progressively rebuilds its network
- Robust cargo performance continues to lead revenue contribution
- SIA Group ready to seize revenue opportunities as borders re-open
- Strong balance sheet provides foundation to navigate uncertainties and secure growth

GROUP FINANCIAL PERFORMANCE

First Quarter FY2021/22 – Profit and Loss

The Group financial performance for the first quarter FY2021/22 is summarised as follows:

Group Financial Results	1 st Quarter FY2021/22 (\$ million)	1 st Quarter FY2020/21 (\$ million)	Better/ (Worse) (\$ million)	Better/ (Worse) (%)
Total Revenue	1,295	851	444	52.2
Total Expenditure	1,569	1,888	319	16.9
Net Fuel Cost	360	155	(205)	(132.3)
<i>Fuel Cost (before hedging)</i>	<i>373</i>	<i>84</i>	<i>(289)</i>	<i>n.m.</i>
<i>Fuel Hedging (Gain)/Loss</i>	<i>(13)</i>	<i>71</i>	<i>84</i>	<i>n.m.</i>
Fuel Hedging Ineffectiveness	-	462	462	n.m.
Fair Value (Gain)/Loss on Fuel Derivatives	(72)	2	74	n.m.
Non-fuel Expenditure	1,281	1,269	(12)	(0.9)
Operating Loss	(274)	(1,037)	763	73.6
Net Loss	(409)	(1,123)	714	63.6

Note 1: The SIA Group's unaudited financial results for the first quarter ended 30 June 2021 were announced on 29 July 2021. A summary of the financial and operating statistics is shown in Annex A. All monetary figures are in Singapore Dollars. The Company refers to Singapore Airlines, the Parent Airline Company. The Group comprises the Company and its subsidiary, joint venture and associated companies.

Border controls and travel restrictions remained largely in place during the first quarter of FY2021/22, despite the growing pace of Covid-19 vaccinations in Singapore and in key markets for the SIA Group around the world. The Group's passenger traffic (measured in revenue passenger-kilometres) grew year-on-year on the back of a calibrated increase in passenger capacity (measured in available seat-kilometres), which rose to 28% of pre-Covid-19 levels by the end of the quarter in June 2021. The passenger load factor (PLF) for the first quarter increased 4.6 percentage points year-on-year to 14.8%.

An increase in both passenger and cargo flown revenue resulted in Group revenue increasing by \$444 million (+52.2%) year-on-year to \$1,295 million. Cargo flown revenue grew by \$214 million (+32.4%), as the calibrated resumption in passenger flights contributed to an increase in cargo capacity (+46.9%) and loads carried (+68.2%). Cargo load factor increased 11.3 percentage points to 89.1%, while yields moderated from the exceptionally high levels during the same period last year. Overall, the strong cargo revenue performance for the first quarter reflected the healthy demand fundamentals and an ongoing capacity crunch in the sector.

Group expenditure fell by \$319 million (-16.9%) to \$1,569 million. Net fuel cost increased by \$205 million (+132.3%) to \$360 million mainly due to higher fuel prices, as well as an increase in the volume uplifted in tandem with the capacity expansion. There was a fuel hedging gain of \$13 million, compared to a loss of \$71 million for the same period last year. Mark-to-market gains of \$72 million were also recognised on ineffective fuel hedges, reversing the \$464 million losses recognised in the prior year. Non-fuel expenditure was at \$1,281 million, up \$12 million (+0.9%) as higher costs from the increased flying activities were partially mitigated by lower depreciation after surplus aircraft were removed from the fleet.

As a result, the SIA Group recorded a first quarter operating loss of \$274 million, an improvement of \$763 million (+73.6%) from the \$1,037 million operating loss recorded last year.

The Group reported a net loss of \$409 million for the quarter, an improvement of \$714 million (+63.6%) against last year. This was primarily driven by better operating performance and the absence of non-cash impairment charges relating to the liquidation of NokScoot.

First Quarter FY2021/22 – Balance Sheet

The SIA Group completed the issuance of the Rights 2021 Mandatory Convertible Bonds, which raised \$6.2 billion in additional liquidity, during the quarter. In total, the Group has successfully raised \$21.6 billion in fresh liquidity since 1 April 2020.

As at 30 June 2021, the Group's shareholders' equity was \$22.3 billion, an increase of \$6.4 billion compared to 31 March 2021. Cash and bank balances saw an increase of \$5.9 billion, rising to \$13.7 billion primarily due to the issuance of Rights 2021 Mandatory Convertible Bonds. Total debt balances increased by \$0.7 billion to \$15.1 billion, attributable to the increase in lease liabilities as a result of sale-and-leaseback activities. Consequently, the Group's debt-equity ratio fell from 0.90 times to 0.67 times. In addition to the cash on hand, the Group continues to retain access to \$2.1 billion of committed lines of credit that remain undrawn at present.

FLEET AND NETWORK

Three new Airbus A350s entered into service with SIA during the quarter, while two Airbus A330s were removed from the operating fleet for lease return checks. As at quarter end, Singapore Airlines' operating fleet comprised 115 passenger aircraft² and seven freighters.

Scoot added its first three Airbus A321neo aircraft into its operating fleet, while one Airbus A320ceo was removed for lease return checks. The inaugural A321neo flight was from Singapore to Bangkok on 28 June 2021, offering better operating economics and giving Scoot additional flexibility to add capacity as demand returns. At the end of the quarter, Scoot's operating fleet consisted of 49 passenger aircraft³.

As at 30 June 2021, the SIA Group had an operating fleet of 164 passenger aircraft and seven freighters with an average age of five years and 11 months. This makes it one of the youngest fleets in the airline industry, helping to improve underlying operating efficiency and lower carbon emissions.

A calibrated expansion of the SIA Group's network continued during the quarter. At the end of June 2021, the Group's passenger network covered 63 destinations including Singapore, up from 60 compared to the previous quarter. SIA served 49 destinations while Scoot covered 24 points. The Group's cargo network comprised 76 destinations including Singapore, up from 72 as at the end of the prior quarter. Scoot resumed services to Athens, Cebu, Clark, Kuala Lumpur, Macau and Manado during the quarter.

Based on our current published schedules, the Group expects passenger capacity to be around 33% of pre-Covid-19 levels in the second quarter of FY2021/22. By end of September 2021, the SIA Group expects to serve around 50% of the points that were part of our passenger network before the onset of Covid-19. SIA re-instated services to Cape Town (via Johannesburg) on 1 July 2021, as well as services to Manchester and Rome (via Copenhagen) from 16 July 2021. Scoot re-introduced flights to Sydney from 6 July 2021, and will resume flights to Berlin (via Athens) from 10 August 2021 pending regulatory approvals.

Note 2: The 115 passenger aircraft in Singapore Airlines' operating fleet comprised 23 777-300ERs, 12 A380s, 55 A350s, 15 787-10s, one A330 and nine 737-800NGs.

Note 3: The 49 passenger aircraft in Scoot's operating fleet comprised 10 787-8s, 10 787-9s, 21 A321ceos, five A320neos and three A321neos.

PAVING THE WAY AHEAD

The SIA Group's strong balance sheet and access to liquidity provides the resources to navigate the crisis at hand, and positions us for growth as we recover from the impact of the Covid-19 virus on our business.

Continuously innovating and improving our product and service offerings remains central to our brand promise. During the quarter, SIA became the first airline to offer live in-flight online shopping when KrisShop's e-commerce platform became available via the KrisWorld in-flight entertainment system.

Vaccinations provide added safety and reassurance for our customers and staff members. Today, all frontline ground staff and around 98% of the active pilots and cabin crew in the SIA Group have been vaccinated. As a result, a vast majority of our flights are operated by vaccinated pilots and cabin crew.

The Group continues to pursue initiatives that reinforce our long-standing strategy of working towards decarbonisation and environmental sustainability across our operations. During the quarter, the SIA Group announced its commitment to achieve net zero carbon emissions by 2050. Our continued investment in new generation aircraft, which reduce fuel burn by up to 30% versus prior generation aircraft on comparable missions, is the most effective immediate step towards this target. We are also pursuing additional levers, including the adoption of low-carbon technology such as sustainable aviation fuels and carbon offsetting. We have also launched a voluntary carbon offset programme that allows SIA and Scoot passengers, as well as our cargo customers, to offset their emissions.

OUTLOOK

The growing pace of mass vaccination exercises across many countries provides hope for further recovery in international air travel demand. However, the risk of new variants and fresh waves of Covid-19 infections in key markets remains a concern. The recovery trajectory will be dependent on government regulations, vaccination rates, and the risk profile of individual regulatory authorities. The SIA Group strongly supports all efforts to facilitate the safe resumption of international passenger travel.

Cargo demand fundamentals remain strong, with Purchasing Managers' Indices for most of the key export economies still in expansionary territory and inventory restocking in progress. While overall airfreight demand is expected to be healthy in the coming months, seasonal fluctuations and tighter pandemic controls in certain locations will create short-term volatility. Overall industry airfreight capacity continues to be tight as passenger flights, and hence bellyhold cargo capacity, have yet to recover fully.

The SIA Group's Transformation programme aims to drive digital leadership and excellence in product and services, while enhancing health and safety measures across the end-to-end travel journey. This will ensure that customers continue to have a world-class experience when they fly with us in the new normal. We will also actively pursue new engines of revenue growth, as well as initiatives to achieve a more competitive cost base to secure our financial sustainability. We are also investing in our people to ensure that they are able to navigate our current challenges, and be equipped with the necessary skills for the future.

The SIA Group will remain nimble and flexible during this time, and be alert to all possible revenue and growth opportunities that may arise. We will also remain steadfast in exercising cost discipline across the Group.

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A STAR ALLIANCE MEMBER 

GROUP FINANCIAL STATISTICS

	1 st Quarter 2021/22	1 st Quarter 2020/21
Financial Results (\$ million)		
Total revenue	1,294.4	850.6
Total expenditure	1,568.8	1,887.4
Operating loss	(274.4)	(1,036.8)
Loss attributable to Owners of the Company	(409.2)	(1,123.3)
Loss per share (cents)		
- Basic ^{R1}	(9.2)	(50.8)
- Diluted ^{R2}	(9.2)	(50.8)
	As at 30 Jun 2021	As at 31 Mar 2021
Financial Position (\$ million)		
Total assets	44,448.9	37,581.3
Total debt	15,056.4	14,336.9
Total cash and bank balances	13,650.9	7,783.0
Total liabilities	21,739.6	21,303.2
Equity attributable to Owners of the Company	22,334.4	15,905.9
Debt : equity ratio (times) ^{R3}	0.67	0.90
Net asset value per share (\$) ^{R4}	7.53	5.36
Adjusted net asset value per share (\$) ^{R5}	3.39	3.60

^{R1} Loss per share (basic) is computed by dividing loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds in accordance with IAS 33 *Earnings Per Share*.

^{R2} Loss per share (diluted) is computed by dividing loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less treasury shares, adjusted for the dilutive effect of the vesting of all outstanding share-based incentive awards granted, in accordance with IAS 33.

^{R3} Total debt : equity ratio is total debt divided by equity attributable to owners of the Company.

^{R4} Net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares.

^{R5} Adjusted net asset value per share is computed by dividing equity attributable to owners of the Company by the number of ordinary shares in issue less treasury shares, assuming the conversion of all mandatory convertible bonds and convertible bonds.

OPERATING STATISTICS

	1 st Quarter 2021/22	1 st Quarter 2020/21		Change %
<u>Full Service Carrier (SIA & SilkAir)</u>				
Passengers carried (thousand)	312	34		n.m.
Revenue passenger-km (million)	1,723.9	172.7		n.m.
Available seat-km (million)	11,084.0	1,601.5		n.m.
Passenger load factor (%)	15.6	10.8	+	4.8 pts
Passenger yield (cents/pkm)	17.8	20.2	-	11.9
Revenue per available seat-km (cents/ask)	2.8	2.2	+	27.3
Passenger unit cost (cents/ask)	7.3	29.7	-	75.4
Passenger unit cost ex-fuel (cents/ask)	5.4	27.9	-	80.6
<u>Low Cost Carrier – Scoot (Passenger)</u>				
Passengers carried (thousand)	50	4		n.m.
Revenue passenger-km (million)	132.7	10.8		n.m.
Available seat-km (million)	1,486.9	198.9		n.m.
Passenger load factor (%)	8.9	5.4	+	3.5 pts
Passenger yield (cents/pkm)	7.8	54.4	-	85.7
Revenue per available seat-km (cents/ask)	0.7	3.0	-	76.7
Cost per available seat-km (cents/ask)	8.1	46.8	-	82.7
Cost per available seat-km ex-fuel (cents/ask)	6.9	43.5	-	84.1
<u>Group Airlines (Passenger)</u>				
Passengers carried (thousand)	362	38		n.m.
Revenue passenger-km (million)	1,856.6	183.5		n.m.
Available seat-km (million)	12,570.9	1,800.4		n.m.
Passenger load factor (%)	14.8	10.2	+	4.6 pts
Passenger yield (cents/pkm)	17.1	22.2	-	23.0
Revenue per available seat-km (cents/ask)	2.5	2.3	+	8.7
<u>SIA (Cargo)</u>				
Cargo and mail carried (million kg)	243.0	136.3	+	78.3
Cargo load (million tonne-km)	1,372.8	816.4	+	68.2
Gross capacity (million tonne-km)	1,541.6	1,049.6	+	46.9
Cargo load factor (%)	89.1	77.8	+	11.3 pts
Cargo yield (cents/ltk)	63.8	81.1	-	21.3
Cargo unit cost (cents/ctk)	28.7	31.9	-	10.0

GLOSSARY**Full Service Carrier (SIA & SilkAir)**

Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Available seat-km	=	Number of available seats x distance flown (in km)
Passenger load factor	=	Revenue passenger-km expressed as a percentage of available seat-km
Passenger yield	=	Passenger revenue from scheduled services divided by revenue passenger-km
Revenue per available seat-km	=	Passenger revenue from scheduled services divided by available seat-km
Passenger unit cost	=	Passenger operating expenditure divided by available seat-km
Passenger unit cost ex-fuel	=	Passenger operating expenditure less fuel cost, divided by available seat-km

Low Cost Carrier – Scoot (Passenger)

Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Available seat-km	=	Number of available seats x distance flown (in km)
Passenger load factor	=	Revenue passenger-km expressed as a percentage of available seat-km
Passenger yield	=	Passenger revenue from scheduled services divided by revenue passenger-km
Revenue per available seat-km	=	Passenger revenue from scheduled services divided by available seat-km
Cost per available seat-km	=	Operating expenditure divided by available seat-km
Cost per available seat-km ex-fuel	=	Operating expenditure less fuel divided by available seat-km

Group Airlines (Passenger)

Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Available seat-km	=	Number of available seats x distance flown (in km)
Passenger load factor	=	Revenue passenger-km expressed as a percentage of available seat-km
Passenger yield	=	Passenger revenue from scheduled services divided by revenue passenger-km
Revenue per available seat-km	=	Passenger revenue from scheduled services divided by available seat-km

SIA (Cargo)

Cargo load	=	Cargo and mail load carried (in tonnes) x distance flown (in km)
Gross capacity	=	Cargo capacity production (in tonnes) x distance flown (in km)
Cargo load factor	=	Cargo and mail load (in tonne-km) expressed as a percentage of gross capacity (in tonne-km)
Cargo yield	=	Cargo and mail revenue from scheduled services divided by cargo load (in tonne-km)
Cargo unit cost	=	Cargo operating expenditure divided by gross capacity (in tonne-km)